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Monica Borne Haab
EllenAnn G. Sands
Bruce C. Betzer

OFFICE OF THE
EXECUTIVE SECRETARY

March 20, 2001

BY FEDERAL EXPRESS

Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

PAID T.R.A.	
Chk #	7729
Amount	25.00
Rcvd By	HR
Date	3-22-01

Re: Application for Approval of an Asset Purchase Agreement by
Xspedius Corp., and Actel Integrated Communications, Inc.

Dear Sir or Madam:

01-00253

On behalf of Xspedius Corp. and Actel Integrated Communications, Inc., enclosed please find an original and thirteen (13) copies of the referenced Application. Also enclosed please find our check in the amount of \$25.00 to cover the cost of filing the Application.

Please date stamp and return the enclosed extra copy of this letter in the envelope provided as evidence of the filing.

Should you have any questions, please do not hesitate to call. Thank you for your assistance with this matter.

Sincerely,


EllenAnn G. Sands

Enclosures

cc: Dan Shapiro
Thomas Henning
John Garrett

VOUCHER NO. 7729
CC 7729 SRC. 28103
AMT. REC. 25.00
DEPOSIT DATE 3/22/01

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cc: Dan Shapiro
Thomas Henning
John Garrett

CR 7724 \$25.00
PAID
3/21/01

BEFORE THE REGULATORY AUTHORITY

STATE OF TENNESSEE

APPLICATION FOR APPROVAL OF AN ASSET PURCHASE AGREEMENT BY XSPEDIUS CORP. AND ACTEL INTEGRATED COMMUNICATIONS, INC.	CASE NO. _____
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JOINT APPLICATION

Xspedius Corp., ("XC") and Actel Integrated Communications, Inc. ("Actel"), (collectively referred to as "Applicants") pursuant to the applicable statutes of this state and the Commission's rules and regulations currently in effect and/or subsequently enacted, hereby jointly request Commission approval of an Asset Purchase Agreement¹ (the "Agreement"). As will be described in more detail below, the Agreement contemplates the purchase by XC of the assets of Actel. XC proposes to acquire substantially all of the telecommunications assets of Actel, including but not limited to, all accounts receivable and customer contracts. XC will provide the Actel customers with the same or substantially similar product offering as they are presently receiving. As always any Actel customer is free to choose an alternative service provider. Those customers that choose to stay with XC would begin to receive local and long distance service provided by XC under the Certificate of Public Convenience and Necessity, or other operating authority, previously issued to XC. As regulated telecommunications providers, XC and Actel hereby seek Commission approval of the Agreement.

¹ A copy of the Agreement is attached hereto as Exhibit "A."

Commission approval of the Agreement will be beneficial to the involved companies as well as their customers. Following consummation of the Agreement and consolidation of the assets, XC will be able to provide communications services to its customers in a more efficient manner. Approval of the Agreement will not in any way be detrimental to the public interests of this State. the customers of both XC and Actel will continue to receive the same high quality service presently rendered to them. Additionally, no party to the Agreement will be given undue advantage over any other party.

In support of this Application, Applicants show the following:

I. THE PARTIES

1. Xspedius Corp. is a privately held Delaware corporation with principal offices located at One Lakeshore Drive, Suite 1900, Lake Charles, Louisiana 70629. XC is a wholly owned subsidiary of Xspedius Holding Corp., a Delaware corporation which does not possess any federal or state authorizations to provide telecommunications services. XC is a competitive provider of local and interexchange services. XC is authorized to provide both local and interexchange services in AL, FL, LA, MS and TN. XC is a certificated local and interexchange provider in this State.²

2. Actel is a privately held Delaware corporation with principal offices located at 1509 Government Street, Suite 30, Mobile, Alabama 36604. Actel is authorized to provide both local and interexchange services in AL, FL, LA, MS and TN. Actel is also authorized by the FCC to offer domestic interstate and international services in all fifty (50) states and the District of Columbia as a non-dominant carrier. Actel is a certificated carrier

² In this State, XC provides resold intrastate local exchange and long distance telecommunications services pursuant to authority granted in Docket No. 00-00572, dated August 25, 2000.

in this State.³

II. DESIGNATED CONTACT

3. The designated contact for questions concerning this Application is:

EllenAnn G. Sands
Nowalsky, Bronston & Gothard, A.P.L.L.C.
3500 North Causeway Boulevard
Suite 1442
Metairie, Louisiana 70002
Telephone: (504) 832-1984
Telefax: (504) 831-0892

4. Copies of such correspondence should also be sent to:

Actel Integrated Communications, Inc.
Mr. Dan Shapiro
450 Laurel Street
Suite 2101
Baton Rouge, Louisiana 70801
Telephone: (225) 383-0775
Telefax: (225) 383-2272

and

Xspedius Corp.
Mr. Thomas G. Henning
One Lakeshore Drive, Suite 1900
Lake Charles, Louisiana 70629
Telephone: (337) 436-9000
Facsimile: (337) 497-3197

III. REQUEST FOR APPROVAL OF THE ASSET PURCHASE AGREEMENT

5. Applicants propose a transaction which will accomplish the following:
- a. Actel shall sell, transfer and assign to XC all of Actel's right, title and interest in and to Actel's assets, as defined in the Asset Purchase Agreement;

³ In this state, Actel was granted authority to provide telecommunications services pursuant to authority granted as a interexchange reseller, Docket No. 00-00157, dated July 19, 2000.

- b. In consideration for the above transfer and sale of assets, XC will pay to Actel the purchase price set forth in the Asset Purchase Agreement and deliver to Actel a number of newly-issued shares of Xspedius Holding Corp.'s Series B Preferred Stock.

6. XC is well-qualified to consummate the transaction which is the subject of this Application. Current financial information for XC is attached hereto as Exhibit "B".⁴

7. XC proposes this transaction to transfer and consolidate the customer accounts of Actel in order to create a single, larger provider of telecommunications facilitating efficiencies for the benefit of XC's customers. By virtue of these transactions, XC will realize significant economic, marketing and administrative efficiencies.

8. Following consummation of the transaction discussed above, the customers of Actel can begin receiving service through a substantially similar product offering of XC or choose to receive service from a different carrier. Those customers of Actel who choose to receive their service from XC, will be transferred to XC and XC will continue to service these customers through and pursuant to the Certificate of Public Convenience and Necessity, or other operating authority, presently utilized by XC in servicing its existing customers in this State.⁵

9. The technical, managerial and financial personnel of Actel will assist with the transition and integration of the acquired Assets after the transaction, and along with the technical, managerial and financial personnel of XC, will continue to serve the transferred Actel customers with the same high level of expertise.

⁴ Exhibit "B" consists of XC's Financial Statement for the year 1999.

⁵ Prior to consummation of the proposed transaction, XC intends to notify all current end users of Actel of the event and of the opportunity to switch their service to a substantially similar product offering of XC or to choose a different carrier. The notification will be by bill insert, a sample copy of which is attached hereto as Exhibit "C".

IV. PUBLIC INTEREST CONSIDERATIONS

10. Critical to the proposed transaction and consolidation of customer accounts is the need to ensure the continuation of high quality service to all customers currently served by Actel. The proposed transaction will serve the public interest for the following reasons:

- a. It will enable XC to provide a streamlined level of service for all involved customers by creating a single, larger provider of telecommunications service to the customers in this State. The transaction will enhance the operating efficiencies, including market efficiencies, of XC.
- b. It will increase the appeal to present and potential customers because of XC's larger size and greater variety of service offerings as well as enhance the ability of XC to appeal to and serve national accounts.
- c. Finally, it will result in cost savings as the result of discounts on quantity ordering of materials and services.

11. Accordingly, the requested transaction and subsequent consolidation will serve to create a heightened level of operating efficiency which generally will serve to enhance the overall capacity of XC to compete in the marketplace and to provide telecommunications services for a greater number of consumers in this state at competitive rates.

12. Additionally, XC will possess a greater customer account base as the result of the proposed purchase assets, and will thus be a stronger carrier able to provide a higher quality of service to all customers presently serviced by both XC and Actel.

V. EXPEDITED REVIEW

13. Applicants request expedited review and disposition of the instant Application in order to allow Applicants to consolidate their respective operations as soon as possible.

VI. NO TRANSFER OF CERTIFICATES

14. Applicants do not request transfer of Actel's Certificate of Public Convenience and Necessity, or other operating authority, to XC.

VII. CONCLUSION

15. WHEREFORE, for the reasons stated herein, Applicants respectfully request that the Commission authorize XC and Actel to consummate the Agreement described above. More specifically, Applicants request that the Commission, on an expedited basis, approve the Agreement, the asset purchase transaction contemplated therein and the transfer of Actel's current customer accounts to XC.

DATED this 20th day of March, 2001.

Respectfully submitted,




EllenAnn G. Sands
Nowalsky, Bronston & Gothard
A Professional Limited Liability Company
3500 North Causeway Boulevard
Suite 1442
Metairie, Louisiana 70002
(504) 832-1984

Counsel for Xspedius Corp. and Actel Integrated
Communications, Inc.

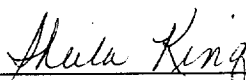
STATE OF LOUISIANA
PARISH
COUNTY OF CALCASIEU

VERIFICATION

I, Thomas G. Henning, am the General Counsel for Xspedius Corp. and am authorized to make this verification on its behalf. The statements made in the foregoing Application are true of my own knowledge, except as to those matters which are therein stated on information and belief, and as to those matters I believe them to be true.

By: 
Name: Thomas G. Henning
Title: General Counsel

Sworn to and subscribed before me, Notary Public, in and for the State and County named above, this 8th day of March, 2001.


Notary Public


My commission expires: at death

STATE OF Georgia

COUNTY OF Fulton

VERIFICATION

I, Scott Ross, am the Chairman of Actel Integrated Communications, Inc. and am authorized to make this verification on its behalf. The statements made in the foregoing Application are true of my own knowledge, except as to those matters which are therein stated on information and belief, and as to those matters I believe them to be true.

By: 
Name: Scott Ross
Title: Chairman

Sworn to and subscribed before me, Notary Public, in and for the State and County named above, this 19 day of March, 2001.

Thomas M. Tamm
Notary Public

My commission expires: Notary Public, Fulton County, Georgia
~~My Commission Expires April 19, 2004~~

EXHIBIT A

ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT (this "Agreement") dated as of March __, 2001, by and among (i) Xspedius Holding Corp., a Delaware corporation (the "Parent"), (ii) Xspedius Corp., a Delaware corporation and a wholly-owned subsidiary of the Parent (the "Purchaser"), (iii) Actel Integrated Communications, Inc., a Delaware corporation (the "Company"), and (iv) DB Capital Investors, L.P. and Sandler Capital Management, constituting the direct or indirect controlling stockholders of the Company (the "Stockholders").

A. The Company is engaged in the provision of telecommunications services in the States of Alabama, Georgia, Louisiana, Mississippi, Florida and Texas pursuant to operating authorities granted by the public service or public utilities commissions of such states (the "Business").

B. The Company desires to sell, assign and transfer, and the Purchaser desires to purchase and acquire, substantially all of the assets of the Company, subject to the assumption by the Purchaser of certain specified liabilities and obligations relating to the Business, all on the terms and conditions set forth herein.

C. As a condition to the Parent's execution of this Agreement, the Stockholders have entered into a Preferred Stock Purchase Agreement with Parent (the "Stock Purchase Agreement") whereby the Stockholders have agreed to purchase shares of the Parent's Series B Preferred Stock, \$.01 par value (the "Preferred Stock"), and warrants to purchase shares of the Parent's common stock.

D. Concurrently with the execution of this Agreement, the Purchaser and the Company have entered into a Management Agreement (the "Management Agreement") providing for the day-to-day management of the Business by the Purchaser prior to the closing hereunder.

NOW THEREFORE, in consideration of the foregoing and the mutual representations, warranties and covenants contained herein, the parties agree as follows:

Article I

Purchase and Sale of Assets

Section 1.1 Purchase and Sale. Upon the terms and subject to the conditions of this Agreement, at the Closing (as defined in Section 2.1 below), the Purchaser shall purchase from the Company, and the Company shall sell, assign and transfer to the Purchaser, all right, title and interest of the Company or any Affiliate (as defined in Section 10.1 below) of the Company in all assets,

properties or rights of whatever nature used in or forming a part of the Business (collectively, the "Transferred Assets"), including without limitation the following (but excluding any of the following that constitute Excluded Assets as defined in Section 1.2 below):

(i) all real property, improvements, fixtures, leaseholds and other interests in land used in or forming a part of the Business, including all right, title and interest of the Company in collocation facilities and equipment installed therein;

(ii) all machinery, equipment, vehicles, furnishings, supplies, inventories and all other items of tangible personal property used in or forming a part of the Business;

(iii) all accounts receivable relating to products sold or services rendered in connection with the Business, whether or not invoices relating thereto have been issued, and all accounts receivable relating to carrier access charges and reciprocal compensation, whether or not invoices relating thereto have been issued;

(iv) all Assumed Contracts (as defined in Section 1.4 below);

(v) all prepaid expenses, advances and deposits relating to the Business;

(vi) all causes of action, demands, judgments, claims (including insurance claims), indemnity rights or other rights relating to the Transferred Assets or the Business or arising under express or implied warranties from suppliers with respect to the Transferred Assets;

(vii) all Intellectual Property (as defined in Section 3.12 below) used in or forming a part of the Business and all income, royalties, damages and payments due at Closing or thereafter with respect to any of the foregoing and all other rights with respect thereto (including without limitation rights to damages and payments for past, present or future infringements or misappropriations thereof);

(viii) all governmental permits, consents and authorizations relating to the Business and any pending applications therefor, to the extent the same are transferable, including without limitation the Licenses (as defined in Section 3.7 below) listed on Schedule 3.7 and the Company's CIC Code and associated ACNA;

(ix) all right, title and interest of the Company or any Affiliate of the Company in and to the Business as a going concern, including its goodwill;

(x) copies of all books and records relating to the Business, including but not limited to employment records, production records, accounting records, property records, mailing lists and customer and vendor lists;

(xi) all rights to the "Actel" name and all other names and marks associated with the Business;

(xii) the Company's 800 customer service number and "Resporg" contract with its underlying 800 provider;

(xiii) all collection accounts and any cash balance therein on the Closing Date;

(xiv) all of the outstanding capital stock of the Company's wholly-owned subsidiary Actel Properties, Inc. (the "Subsidiary"); and

(xv) all other assets and properties of whatever nature reflected on the Closing Date Balance Sheet (as defined in Section 2.3).

Section 1.2 Excluded Assets. Notwithstanding the provisions of Section 1.1, the Purchaser shall not purchase any of the following assets (collectively, the "Excluded Assets"), all of which shall be retained by the Company following the Closing:

(i) all cash and cash-equivalents and all bank accounts (other than collection accounts and any cash balance therein on the Closing Date);

(ii) all rights under this Agreement, including the right to receive and retain the consideration for the Transferred Assets;

(iii) the Company's corporate franchise and records;

(iv) all accounts receivable of the Company that are past due by 90 days or more as of the Measurement Date (as defined in Section 1.6 below) or that relate to the Company's Texas customers ~~hereof~~;

(v) all Contracts (as defined in Section 3.13 below) that are not Assumed Contracts; ~~including the Company's customer contracts in the State of Texas;~~

(vi) all claims for refunds of Taxes (as defined in Section 3.8 below) of the Company or the Subsidiary related to periods prior to the Closing;

(vii) all insurance policies and prepaid premiums relating thereto; and

(viii) the assets listed on Schedule 1.2 hereto.

Section 1.3 Purchase Price. In consideration of the transfer, conveyance and assignment of the Transferred Assets, at the Closing, the Purchaser shall (i) deliver to the Company a number of newly-issued shares of Preferred Stock equal to (x) 8,381,012 shares, less (y) the number of shares of Preferred Stock equal to the Adjustment Amount (as defined in Section 1.6 below) divided by

\$4.81, and (ii) pay to the Company cash in an amount equal to the Liabilities Settlement Amount (as defined in Section 1.6 below) by wire transfer of immediately available funds to an account specified by the Company at least two Business Days (as defined in Section 10.1 below) prior to Closing, and (iii) assume the Assumed Liabilities (as defined in Section 1.4 below) (collectively, the "Purchase Price"). The Preferred Stock shall have the terms set forth in the Parent's Amended and Restated Certificate of Incorporation set forth as Exhibit A hereto, and all anti-dilution adjustments that would apply to the Preferred Stock in accordance with the Amended and Restated Certificate of Incorporation based on events occurring subsequent to the date hereof and prior to the Closing Date shall be reflected in the shares of Preferred Stock issued at Closing pursuant to this Section 1.3. The Preferred Stock portion of the Purchase Price shall be subject to adjustment following the Closing as set forth in Section 2.3 below, and the Purchaser shall be entitled to withhold up to 10% of the shares of Preferred Stock issuable pursuant to this Section 1.3 until such time as such adjustment has been finally determined.

Section 1.4 Assumed Liabilities. In connection with the purchase and sale of the Transferred Assets pursuant to Section 1.1, the Purchaser shall assume the following liabilities and obligations of the Company (collectively, the "Assumed Liabilities"):

(i) all trade payables, accrued expenses and other current liabilities reflected on the Closing Date Balance Sheet ~~(as defined in Section 2.3)~~, but only to the extent so reflected;

(ii) all obligations of the Company under (A) all customer eContracts for communications services entered into in the ordinary course of the Business other than the Company's customer contracts in the State of Texas, (B) ~~the~~ all leases of real property set forth on Schedule 3.10 other than the leases relating to the Company's Biloxi, Mississippi, Atlanta, Georgia, Austin, Texas and Lafayette, Louisiana facilities listed on Schedule 3.10, and (C) the Contracts set forth on Schedule 3.13, in each case to the extent such Contracts are set forth on Schedule 1.4 hereto, and (D) all Contracts entered into by the Company at the direction or with the express consent of the Purchaser subsequent to the date hereof (collectively, the "Assumed Contracts"), excluding any liability for breach or non-performance of any of the foregoing described in clauses (A), (B) and (C) existing on or prior to the Closing Date that is not expressly disclosed by the Company and assumed by the Purchaser in writing;

(iii) all liabilities and obligations arising from the operation of the Business following the Closing Date, including liabilities for Taxes for periods or portions thereof subsequent to the Closing Date; and

(iv) the other liabilities and obligations set forth on Schedule 1.4 hereto.

Section 1.5 Excluded Liabilities. The Purchaser does not assume, and shall not be responsible for, any liabilities or obligations of the Company or any affiliate of the Company other

than the Assumed Liabilities (collectively, the "Excluded Liabilities"), including without limitation the following:

(i) expenses of the Company payable to third parties arising in connection with the Company's execution, delivery and performance of this Agreement or any of the transactions contemplated hereby (including, without limitation, legal, accounting, brokerage, investment banking or finder's fees);

(ii) liabilities or obligations for Taxes that relate to the Business for periods or portions thereof ending on or prior to the Closing Date, including sales, transfer or similar Taxes associated with the purchase and sale of the Transferred Assets, except to the extent reflected as a current liability on the Closing Date Balance Sheet;

(iii) except as expressly provided in Section 7.7 or to the extent reflected as a current liability on the Closing Date Balance Sheet, liabilities and obligations of the Company in favor of or relating to any of Company's employees, former employees, retirees and former job applicants, whether or not arising from the termination of any employee in connection with the transactions contemplated hereby, including without limitation any obligations or liabilities arising from (A) the severance of any employee, (B) any pension, profit sharing, retirement, bonus, stock option, health, or other employee benefit plan or compensation arrangement, including without limitation the Company's benefit plans and any supplemental income paid to retired employees, (C) any group insurance arrangement, (D) any payroll taxes, (E) any accrued vacation, sick pay, unemployment compensation, salary withholding obligations and other employee costs, (F) any employment contracts, whether oral or written, express or implied, (G) any commission payments, (H) any liabilities, including withdrawal liability associated with any "multi-employer plan" within the meaning of Section 3(37) of the Employee Retirement Security Act of 1974, as amended ("ERISA"), (I) any COBRA requirements arising under ERISA or the Internal Revenue Code of 1986, as amended (the "Code"), including any and all penalties, taxes, costs, fees, damages or loss of tax deductions caused by the Company's noncompliance with any COBRA provision, (J) any collective bargaining agreement to which the Company is or was a party, or any breach thereof by the Company, (K) any failure to comply with the overtime pay requirements of the Fair Labor Standards Act, (L) the Worker Adjustment and Retraining Notification Act, or (M) amounts owed under applicable workers compensation laws based on events or circumstances occurring on or prior to the Closing Date, whether or not the claim is filed before the Closing Date, including but not limited to wage replacement costs, medical costs pursuant to bills received after the Closing Date for medical services and hospitalization and workers disability benefits;

(iv) liabilities arising out of any litigation, arbitration or similar proceeding to which the Company is a party or that otherwise relates to the Business;

(v) any obligation or liability of the Company relating to environmental pollution, contamination or other impairment of any nature based on facts or circumstances in existence on the Closing Date, whether known or unknown to the Company, including without limitation any obligation or liability under environmental laws resulting from (i) the operation of the Business or the condition of its real property prior to the Closing Date or (ii) any and all operations, assets and activities of the Company, its predecessors or any other person unrelated to Purchaser on any real property now or previously owned, leased or used by the Company;

(vi) liabilities and obligations of the Company to any stockholder of the Company or any Affiliate of any such stockholder; and

(vii) liabilities resulting from the Company's failure to comply with "bulk transfer" or similar laws in connection with the transactions contemplated hereby.

Section 1.6 Pre-Closing Adjustment.

(a) As soon as practicable (but in no event more than 20 days) following March 31, 2001 (the "Measurement Date"), the Company shall prepare and deliver to the Purchaser an income statement of the Company for the period from December 31, 2000 through the Measurement Date and a balance sheet of the Company as of the Measurement Date (the "Measurement Date Statements"). The Measurement Date Statements shall be prepared in accordance with generally accepted accounting principles applied on a basis consistent with the accounting principles used in preparing the Financial Statements described in Section 3.4, except that the balance sheet included in the Measurement Date Statements shall present the Excluded Assets and Excluded Liabilities as separate line items to clearly differentiate such items from the Transferred Assets and the Assumed Liabilities. To the extent that it is not reasonably practicable to cause bills relating to utility charges or real property or other *ad valorem* taxes or business occupancy taxes associated with the Business to be rendered by the appropriate utilities or governmental authorities as of the Measurement Date, such utility charges and taxes shall be apportioned as of the Measurement Date and reflected on the Measurement Date Statements. The Purchaser shall have a period of 30 days following the delivery of the Measurement Date Statements to raise any objections thereto. If no objection is made within such 30-day period, the Measurement Date Statements shall be final and binding on all parties. If an objection is made that cannot be resolved by the parties within ten business days, a mutually acceptable accounting firm shall be engaged to resolve such dispute (the fees and expenses of which shall be borne by the non-prevailing party in such dispute or, if there is no non-prevailing party, by the party whose position is farthest from the determination of such firm equally by the Purchaser and the Company), and the determination of such firm shall be final and binding on all parties.

(b) For purposes of Section 1.3, the "Adjustment Amount" shall be the sum of the following, as reflected on the Measurement Date Statements: (i) the amount, if any, by which the Company's current liabilities exceed its current assets as of the Measurement Date, excluding for such purpose all Excluded Assets and Excluded Liabilities (the "Working Capital Shortfall"), (ii)

the amount of Excluded Liabilities as of the Measurement Date in excess of cash retained by the Company or such greater or lesser amount as the Company shall certify to the Purchaser that is required to discharge all Excluded Liabilities in full, including any reserve for unknown liabilities established by the Company's board of directors in good faith pursuant to the requirements of Section 281 of the DGCL (the "Liabilities Settlement Amount"), (iii) the product of (x) the amount by which the Company's core revenues for the period covered by the Measurement Date Statements (defined as the Company's "on-net" revenues, excluding carrier access fees and reciprocal compensation) are less than \$_____, multiplied by (y) [to be supplied], and (iv) the product of (x) the amount by which the Company's total revenues or gross profit for the period covered by the Measurement Date Statements are less than \$_____ or \$_____, respectively, multiplied by (y) [to be supplied]. Notwithstanding any other provision of this Section 1.6, no adjustments pursuant to the preceding clauses (i), (iii) and (iv) shall be included in the Adjustment Amount if the total amount of all such adjustments determined pursuant to this Section 1.6 is less than \$25,000.

Section 1.7 Non-Assignable Assets. Notwithstanding anything contained in this Agreement to the contrary, this Agreement shall not constitute an agreement to transfer, sublease or assign any contract, License, lease, commitment, sales or purchase order or any other agreement if any such attempted transfer, sublease or assignment without the consent of any third party would constitute a breach thereof or would in any way materially and adversely affect the rights of the Purchaser thereunder following the Closing. The Company shall use all commercially reasonable efforts to obtain the consent of any third party or parties to such transfer, sublease or assignment in all cases in which such consent is required. If any such consent is not obtained, or if an attempted assignment would be ineffective or would materially and adversely affect the rights of the Purchaser thereunder, the Company shall perform such agreement for the account of the Purchaser to the extent permitted under the terms thereof or otherwise cooperate with the Purchaser in any reasonable arrangement necessary or desirable to provide for the Purchaser or its designees the benefits of any such agreement for a reasonable period of time following the Closing, including without limitation enforcement for the benefit of the Purchaser of any and all rights of the Company against the other party thereto arising out of the breach, termination or cancellation of such agreement by such other party or otherwise. Nothing herein shall be deemed to waive or modify the provisions of Article VII or Article IX, and nothing herein shall require the Company to maintain its corporate existence beyond the period required to effect a complete liquidation in accordance with Section 6.8.

Section 1.7 Allocation of Purchase Price. The Purchaser shall allocate the Purchase Price among the Transferred Assets for tax purposes on the basis of their respective fair market values. The Company and the Stockholders agree to adhere to such allocation for tax reporting purposes and, if requested by the Purchaser, to execute and deliver an IRS Form 8594 reflecting such allocation.

Article II

Closing; Post-Closing Adjustments

Section 2.1 Closing. The closing of the purchase and sale of the Transferred Assets pursuant to Section 1.1 (the "Closing") shall be held at the New Orleans, Louisiana offices of Correro Fishman Haygood Phelps Walmsley & Casteix, LLP at 10:00 a.m. (local time) on the third business day following the satisfaction or waiver of the conditions (other than those conditions to be satisfied at Closing) set forth in Article VII (the "Closing Date"), or at such other place and time as the parties may mutually agree.

Section 2.2 Deliveries at Closing. At the Closing, the parties shall make the deliveries described below, provided that the obligation of each to do so shall depend upon the performance by the other parties of their obligations hereunder.

(a) The Company shall execute and deliver, or cause to be executed and delivered, to the Purchaser the following documents and certificates (which shall be in form and substance reasonably satisfactory to the Purchaser):

(i) one or more Bills of Sale in the form of Exhibit B hereto and such other instruments of transfer and conveyance as shall be effective to vest in the Purchaser good and marketable title to the tangible personal property included in the Transferred Assets;

(ii) one or more General Assignments in the form of Exhibit C hereto and assignments of all patents and trademarks included in the Transferred Assets in the forms attached to such General Assignment;

(iii) one or more Quitclaim Deeds (or local equivalent) in the form of Exhibit D hereto with respect to each parcel of owned real property included in the Transferred Assets or owned by the Subsidiary, together with a commitment for title insurance from a reputable title insurance company in form and substance (including coverage amount) reasonably satisfactory to the Purchaser;

(iv) one or more Leasehold Assignments in the form of Exhibit E hereto with respect to each of the leasehold interests included in the Transferred Assets, together with a landlord's consent and estoppel letter with respect to each such lease in form and substance reasonably satisfactory to the Purchaser;

(iv) the certificate required by Section 7.2(a);

(v) the opinion of counsel required by Section 7.2(c);

(vi) UCC-3 lien termination statements and other instruments necessary to release and discharge all liens, charges and similar encumbrances on the Transferred Assets other than Permitted Liens (as defined in Section 3.10 below); and

(vii) such other documents as may be reasonably necessary to consummate the transactions contemplated hereby.

(b) The Purchaser shall deliver to the Company the following:

(i) One or more certificates representing the Preferred Stock portion of the Purchase Price (net of any shares withheld pursuant to the last sentence of Section 1.3) duly registered in the name of the Company;

(ii) a wire transfer of immediately available funds in the amount of the cash portion of the Purchase Price;

(iii) an Assumption Agreement in the form of Exhibit F hereto;

(iv) the officers' certificate required by Section 7.3(a);

(v) the opinion of counsel required by Section 7.3(c); and

(vi) such other documents as may be reasonably necessary to consummate the transactions contemplated hereby.

Section 2.3 Post-Closing Adjustments. The number of shares of Preferred Stock issued to the Company as consideration for the purchase of the Transferred Assets pursuant to Section 1.3 shall be subject to adjustment following the Closing as set forth in this Section 2.3:

(a) As soon as practicable (but in no event later than 30 days) following the Closing Date, the Company shall prepare and deliver to the Purchaser a balance sheet of the Company as of the Closing Date (the "Closing Date Balance Sheet"). The Closing Date Balance Sheet shall be prepared in accordance with generally accepted accounting principles applied on a basis consistent with the accounting principles used in preparing the Financial Statements described in Section 3.4, except that the Closing Date Balance Sheet shall present the Excluded Assets and Excluded Liabilities as separate line items to clearly differentiate such items from the Transferred Assets and the Assumed Liabilities. To the extent that it is not reasonably practicable to cause bills relating to utility charges or real property or other *ad valorem* taxes or business occupancy taxes associated with the Business to be rendered by the appropriate utilities or governmental authorities as of the Closing Date, such utility charges and taxes shall be apportioned as of the Closing Date and reflected on the Closing Date Balance Sheet. The Purchaser shall have a period of 30 days following the delivery of the Closing Date Balance Sheet to raise any objections thereto. If no objection is made within such 30-day period, the Closing Date Balance Sheet shall be final and binding on all parties. If an objection is made that cannot be resolved by the parties within ten business days, a mutually acceptable accounting firm shall be engaged to resolve such dispute (the fees and expenses of which shall be borne by the non-prevailing party in such dispute or, if there is no non-prevailing party, by the party whose position is farthest from the determination of such firm equally by the

Purchaser and the Company), and the determination of such firm shall be final and binding on all parties.

(b) If the Closing Date Balance Sheet reflects a Working Capital Shortfall as of the Closing Date that exceeds the amount used in determining the Adjustment Amount pursuant to Section 1.6, the number of shares of Preferred Stock issuable pursuant to Section 1.3 shall be decreased by a number of shares determined by dividing the amount of such excess by \$4.81. The Company shall satisfy any adjustments pursuant to this Section 2.3 first by cancellation of shares of Preferred Stock withheld by the Purchaser pursuant to the last sentence of Section 1.3, and any adjustment in excess of the shares so withheld shall be satisfied by an immediate surrender of shares of Preferred Stock by the Company. Following the final determination of any ~~4~~ adjustments pursuant to this Section 2.3, the Purchaser shall promptly deliver to the Company any withheld shares of Preferred Stock in excess of the number of shares required to satisfy such adjustments.

Section 2.4 Further Assurances. From time to time after the Closing, the Company and the Stockholders will execute and deliver to the Purchaser such instruments of sale, transfer, conveyance, assignment and delivery, and such consents, assurances, powers of attorney and other instruments, as may be reasonably requested by the Purchaser or its counsel in order to vest in the Purchaser all right, title and interest of the Company and its Affiliates in and to the Transferred Assets and otherwise in order to carry out the purpose and intent of this Agreement. Effective upon the Closing, the Company hereby irrevocably constitutes and appoints the Purchaser as its true and lawful attorney-in-fact, with full power of substitution, in the name of the Company and for the benefit of the Purchaser, to endorse (without recourse) checks, notes and other instruments relating to the Transferred Assets. The Company agrees that the foregoing powers are coupled with an interest and shall be irrevocable by the Company. The Company further agrees that the Purchaser shall retain for its own account any amounts collected pursuant to the foregoing powers, and the Company agrees to promptly transfer and deliver to the Purchaser any cash or other property received by it directly or indirectly at any time after the Closing in respect of any Transferred Assets.

Article III

Representations and Warranties of the Company

The Company represents and warrants to the Parent and the Purchaser as follows:

Section 3.1 Organization and Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and has the requisite corporate power and authority to carry on its business as now being conducted. The Company is duly qualified to do business, and is in good standing, in each jurisdiction where the character of its properties owned or leased or the nature of the Business makes such qualification necessary, except where the failure to be so qualified would not have a Material Adverse Effect. Copies of the certificate of incorporation, by-laws and other organizational documents of the Company and the Subsidiary and all amendments thereto have previously been provided to the

Purchaser, and such copies are accurate and complete as of the date hereof. The Company has no subsidiaries other than the Subsidiary, and no portion of the Business is presently conducted by any legal entity other than the Company. The Subsidiary is a corporation duly organized, validly existing and in good standing under the laws of the State of Alabama. All of the outstanding capital stock or other securities of the Subsidiary is held by the Company, and the Subsidiary conducts no business operations, and has no material assets or liabilities, other than holding title to the real property comprising the Company's headquarters in Mobile, Alabama and activities incidental thereto. Except where the context requires otherwise, all references to the "Company" in this Article III shall be deemed to refer to each of the Company and the Subsidiary. [Need to understand other subsidiaries]

Section 3.2 Corporate Authorization. The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby are within the Company's corporate powers and have been duly authorized by all necessary action by the Company's board of directors and stockholders. Assuming due execution and delivery by all parties hereto (other than the Company), this Agreement constitutes a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be subject to bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws of general application affecting the enforcement of creditors' rights generally and to general equitable principles, whether invoked in a proceeding in equity or at law.

Section 3.3 Consents and Approvals. Except as set forth on Schedule 3.3, the execution, delivery and performance by the Company of this Agreement and the consummation of the transactions contemplated hereby require no action by or in respect of, or filing with or notice to, any governmental or regulatory body, agency or official. Except as set forth on Schedule 3.3, neither the execution, delivery and performance by the Company of this Agreement, nor the consummation of the transactions contemplated hereby, will (i) violate, conflict with, or result in a breach of any provision of the organizational documents of the Company or of any law, statute, rule, regulation, license or other operating authority applicable to the Company, or (ii) result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any Contract which the Company is a party or by which the Company or any of the Transferred Assets may be bound, except for such of the foregoing as would not have a Material Adverse Effect.

Section 3.4 Financial Statements. The Company has previously furnished to the Purchaser copies of its audited consolidated balance sheet and consolidated statements of income, stockholders' equity and cash flows as of and for the fiscal year ended December 31, 1999, including all notes thereto (the "Audited Financial Statements"), and its unaudited consolidated balance sheet and consolidated statements of income, stockholders' equity and cash flows as of and for the fiscal year ended December 31, 2000, including all notes thereto (the "Unaudited Financial Statements") and, together with the Audited Financial Statements, the "Financial Statements"). The Financial Statements (including all notes thereto) (i) fairly present in all material respects the consolidated financial condition of the Company as of the dates thereof and the consolidated results of operations

of the Company for the periods covered thereby; and (ii) have been prepared in accordance with generally accepted accounting principles, applied on a consistent basis throughout the periods involved ("GAAP"), subject in the case of the Unaudited Financial Statements only to normal year-end audit adjustments (which will not be material in amount) and the absence of full footnote disclosures.

Section 3.5 Absence of Undisclosed Liabilities. Except as set forth on the Company's balance sheet included in the Unaudited Financial Statements (the "Latest Balance Sheet"), the Company has no material liabilities or obligations of any nature that would be required to be set forth on a balance sheet prepared in accordance with GAAP other than liabilities or obligations incurred in the ordinary course of the Business subsequent to the date of the Latest Balance Sheet. Since the date of the Latest Balance Sheet, there have been no events or changes affecting the Business that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect ~~++~~ defined below in Section 10.1).

Section 3.6 Litigation. Except as set forth on Schedule 3.6, there are no claims, actions, suits, investigations, -or judicial or administrative complaints or proceedings pending (or to the Company's knowledge threatened) against the Company (including any of the foregoing with respect to allegations of "slamming" or "cramming") before any court, arbitrator or administrative, governmental or regulatory authority or body, nor is the Company subject to any order, judgment, writ, injunction or decree, except in either case for matters which, if adversely determined, would not, individually or in the aggregate, result in monetary exposure of \$250,000 or more or otherwise have a Material Adverse Effect.

Section 3.7 Compliance with Law. Except as set forth on Schedule 3.7, the Company is in compliance with all applicable statutes, laws, ordinances, regulations, rules or orders of any foreign, federal, state or local government or any other governmental department or agency (including without limitation all legal requirements relating to human health and safety and the protection of the environment), and all judgments, decrees or orders of any court of competent jurisdiction, applicable to the Business, except where any such violation or failure to comply would ot, individually or in the aggregate, have a Material Adverse Effect. Except as set forth on Schedule 3.7, the Company has obtained, and is in compliance in all material respects with, all permits, approvals, licenses, consents, waivers, franchises and other operating authorities (collectively, "Licenses") from governmental agencies required to conduct the Business as now being conducted (all of which are listed on Schedule 3.7), except for those Licenses that, if not obtained, would not have a Material Adverse Effect. No event has occurred with respect to any License set forth of Schedule 3.7 that would permit the revocation, termination, suspension or nonrenewal thereof or could result in an impairment of the Company's rights thereunder. Without limitation of the foregoing: (a) except as set forth on Schedule 3.7, the Company is not required to obtain any Licenses in connection with the operation of the Business or the ownership of its properties pursuant to (x) the Communications Act of 1934, as amended, (y) any similar state laws, or (z) the rules, regulations and policies of the Federal Communications Commission, any state or local public utility commission or any similar state or local regulatory body (collectively, "Communications Laws"); (b) except as set forth on Schedule 3.7, the Company's local exchange, long distance and other

communications services have been offered, and its physical facilities, systems and equipment have been operated, in compliance in all material respects with all applicable Communications Laws; (c) the Company has filed in a timely manner all reports, applications and other information required to be filed under applicable Communications Laws, all of which are accurate and complete in all material respects, except where to failure to make such filings on a timely basis would not have a Material Adverse Effect; and (d) the Company has received no notice or other communication from any governmental authority indicating that its operations are not in compliance with any applicable Communications Laws.

Section 3.8 Employee Benefit Plans. Each employee benefit plan, agreement or arrangement, within the meaning of Section 3(3) of ERISA, currently maintained or contributed to by the Company or any affiliate of the Company for the benefit of any employee of the Business or pursuant to which the Company has any liability (the "Plans"), is listed on Schedule 3.8 attached hereto. Except as set forth on Schedule 3.8, (i) each such Plan that is an "employee pension benefit plan" within the meaning of Section 3(2) of ERISA is being operated and administered in compliance with Section 401(a) of the Code, and a favorable determination letter has been obtained from the Internal Revenue Service (the "IRS") for such Plan; (ii) no such Plan is subject to the minimum funding requirements of Section 412 of the Code or Section 302 of ERISA or is otherwise subject to Title IV of ERISA; (iii) there has been no non-exempt "prohibited transaction" within the meaning of Section 406 of ERISA or Section 4975(c) of the Code involving the assets of such Plan; (iv) all required employer contributions to such Plan have been made (or, in the case of contribution not yet due, have been accrued on the Company's financial statements and records); (v) the Company has delivered to the Purchaser for each such Plan a true and correct copy of (a) the most recent annual report (Form 5500) filed with the IRS and (b) each plan, trust agreement, group annuity contract and insurance contract, if any, relating to such Plan; and (vi) each such Plan is being administered in compliance with ERISA and the terms of such Plan, except where any such failure to comply would not have a Material Adverse Effect. Neither the Company nor any affiliate of the Company has any actual or potential withdrawal liability with respect to any "multiemployer pension plan" as defined in Section 3(37) of ERISA, or has any obligation to provide any welfare benefits to retired or former employees other than continuation of insurance coverage required by applicable law.

Section 3.9 Taxes. Each of the Company and its affiliates has timely filed or will timely file, or has been timely included in or will be timely included in, all federal and material state, local, territorial, possessions and foreign returns, declarations and reports, information returns and statements (collectively, "Returns") required to be filed on or before the date hereof in respect of any Taxes (as defined below) for each period ending on or before the Closing Date, which Returns are true, complete and correct in all material respects. All Taxes shown as due on such Returns have been or will be timely paid in full. No currently pending issues have been raised by the IRS or any other taxing authority in connection with any of such Returns, and no waivers of statutes of limitation have been given or requested with respect to the Company or its affiliates. Except as set forth on Schedule 3.9, no Returns filed by, or with respect to, the Company and its affiliates during the past seven years have been examined, nor has any notification of any intention to examine been made, by the IRS or by the taxing authority of any state, local entity, territory, possession or foreign

entity. Schedule 3.9 sets forth a list of all jurisdictions in which the Company presently files Tax Returns, and no claim has been made by any Tax authority that the Company is or may be subject to taxation in any other jurisdiction. For purposes of this Agreement, the term "Taxes" shall include any tax based upon, or measured by, income or gross receipts, and any sales, use, *ad valorem*, transfer, franchise, withholding, payroll, employment, excise, occupation, premium, property or other taxes (including any interest or any penalties or additional amounts imposed by any tax authority).

Section 3.10 Real Property.

(a) Schedule 3.10 sets forth a complete and correct list of all real properties or premises that are owned or leased in whole or in part by the Company. The properties listed on Schedule 3.10 constitute all the real properties utilized in connection with the Business. As to each owned property, Schedule 3.10 sets forth (i) the location and legal description of such property, and (ii) a summary description of all material improvements located thereon. Except as set forth on Schedule 3.10, the Company has good and marketable title to each owned property and all improvements thereon, free and clear of all liens, charges and similar encumbrances other than the following (collectively, "Permitted Liens"): (x) liens for Taxes, assessments and other governmental charges not yet due and payable or contested in good faith, (y) landlords', mechanics' and similar liens arising by operation of law securing the payment of sums that are not past due, and (z) other minor imperfections in title that do not materially affect the value or utility of the assets subject thereto. As to each leased property, Schedule 3.10 sets forth (i) location, (ii) lease term, (iii) monthly rental (both base and additional rent), and (iv) renewal option, if any. The Company has a valid leasehold interest in each leased property, free and clear of all liens, charges and similar encumbrances other than Permitted Liens. Each such lease is legal, valid and binding in all material respects, as between the Company and the other party or parties thereto, and the Company is a tenant or possessor in good standing thereunder, free of any material default or breach by the Company and quietly enjoys the premises provided for therein.

(b) Except as set forth on Schedule 3.10 (i) the Company has obtained all legal or governmental approvals required to be obtained by the Company with respect to each of the properties and premises used or occupied by it, other than any such approvals the absence of which, individually or in the aggregate, would not have a Material Adverse Effect; (ii) the Company has good and marketable title, free and clear of all liens, charges and encumbrances other than Permitted Liens, to each improvement, fixture or material item of equipment purported to be owned by it that is located in or on any of the properties leased or occupied by it and used in connection with the Business; (iii) each of such premises and properties is zoned for the purposes for which such premises or properties are currently being used except for such violations as would not have a Material Adverse Effect; (iv) no material portion of such premises or properties has been condemned or otherwise taken by any public authority, and to the Company's knowledge no such condemnation or taking is threatened or contemplated by any public authority; and (v) each of such properties and premises is in compliance in all material respects with all applicable environmental laws.

Section 3.11 Personal Property. Schedule 3.11 sets forth a listing of all tangible assets (other than real property) included in the Transferred Assets. Except as set forth on Schedule 3.11,

the Company has good and marketable title to, or a legally enforceable right to use, all such assets, free and clear of all liens, charges and similar encumbrances other than Permitted Liens. All assets listed on Schedule 3.11 are in good repair and operating condition (subject to normal wear and tear), and to the Company's knowledge there are no facts or circumstances affecting such assets that could materially interfere with the continued use or operation thereof or their adequacy for such use.

Section 3.12 Intellectual Property. Schedule 3.12 sets forth a listing and brief description of all material patents, trademarks, service marks, trade secrets, inventions, copyrights and other proprietary or intellectual property rights (the "Intellectual Property") used in or necessary for the operation of the Business. The Company owns or has a valid right to use (pursuant to license, sublicense, agreement or permission) all such Intellectual Property in connection with its Business as presently conducted. All such Intellectual Property owned by the Company is held free of any liens, charges or similar encumbrances other than Permitted Liens and free of any material obligation with respect to royalties, license fees or similar payments or other restrictions on use. The Company is not infringing upon the intellectual property rights of others and has not received any notice of conflict with respect to the intellectual property rights of others.

Section 3.13 Sufficiency of Transferred Assets. The Transferred Assets include all of the assets, properties and other rights presently used in or necessary for the conduct of the Business. The Company owns or has a valid and enforceable right to use all telecommunications equipment and facilities utilized by the Company to provide service to customers in the geographic regions in which it operates (the "Systems"). Without limitation of the foregoing, except for such variations from the following as would not, individually or in the aggregate, have a Material Adverse Effect: (i) all of the equipment, hardware, and software necessary to operate the Systems is in good working condition and has been installed in accordance with and complies with the manufacturer's standard and applicable industry standards, including all applicable regulatory specifications; (ii) the telecommunication facilities operated by the Company have been constructed using industry accepted guidelines and the Company has secured and is in compliance with all of the right-of-ways, vendor agreements and all other agreements, including but not limited to interconnection agreements, necessary to operate its Business; (iii) the ILEC collocation sites occupied by the Systems have been constructed according to ILEC and industry standards and the Company has complied with all of the terms and conditions of its collocation agreements; (iv) Schedule 3.13 contains a complete and accurate list of all material third party property, plant, structures and equipment used by the Company; (v) the Company has all rights necessary for the operation of all of its switches, including rights to enter, place equipment in and utilize chases, conduits and other passageways in all of the buildings, plants, structures and locations where the Company's switches are located; (vi) except as disclosed on Schedule 3.13, the Systems do not use any fiber or copper cabling owned by the Company; (vii) the Systems connect to the extent required to operate the Business to the SS7 network for signaling and corresponding features and functions, and the Company has applied for and received all NXX codes and all other applicable codes in order to function as a CLEC and interconnect to the public switch telephone network (none of which will not be impaired as a result of the transactions contemplated hereby); (viii) the Company is currently indirectly providing operator service, directory assistance and E911 services; and (ix) the Company has an inventory of

spare parts and other materials of the type, nature and amount consistent with the Company's past practices.

Section 3.14 Material Contracts. Except as listed on Schedule 3.14, as of the date hereof, the Company is not a party to or bound by any written or oral leases, agreements or other contracts or legally binding contractual rights, obligations or commitments ("Contracts") relating to or in any way affecting the operation or ownership of the Business that are of a type described below (the "Material Contracts"):

- (i) any interconnection, collocation or similar agreement regarding the use of third-party property, plant, structures and equipment in connection with the operation of the Systems;
- (ii) any Contract for the purchase or sale of materials, supplies, merchandise, machinery, equipment, parts or other property or services requiring aggregate future payments in excess of \$50,000;
- (iii) any Contract relating to the borrowing of money or the guaranty of another person's obligations, including, without limitation, all notes, mortgages, indentures and other obligations, guarantees of performance, agreements and instruments for or relating to any lending or borrowing, including assumed indebtedness;
- (iv) any Contract granting any person a lien on all or any part of the assets of the Company (other than Excluded Assets);
- (v) any Contract granting to any person a first refusal, first offer or similar preferential right to purchase or acquire any assets of the Company (other than Excluded Assets);
- (vi) any Contract under which the Company is (a) a licensee or licensor of Intellectual Property, (b) a lessee or sublessee of any machinery, equipment, vehicle or other tangible personal property or real property, or (c) a lessor of any real property or tangible personal property owned by the Company, in any such case requiring annual payments in excess of \$50,000;
- (vii) any Contract limiting, restricting or prohibiting the Company or any affiliate of the Company from conducting the Business anywhere in the United States or elsewhere in the world;
- (viii) any joint venture or partnership Contract;
- (ix) any employment contract, consulting contract or any other agreement relating to the employment of labor;
- (x) any contract with any officer or director of the Company or any beneficial owner of 5.0% or more of any class of the Company's outstanding stock or any affiliate of any such officer, director or 5.0% beneficial owner; and

(xi) any other Contract, whether or not made in the ordinary course of business, which involves payments in excess of \$50,000 or that is otherwise material to the operation of the Business.

The Company has provided the Purchaser with a true and complete copy of each written Material Contract, including all amendments or other modifications thereto in effect as of the date hereof. Except as set forth on Schedule 3.14, each Material Contract is a valid and binding obligation enforceable in accordance with its terms, and is in full force and effect, subject only to bankruptcy, reorganization, receivership and other laws affecting creditors' rights generally and to general principles of equity, and is assignable to the Purchaser without the consent of any third party and without penalty. Except as set forth on Schedule 3.14, the Company is not in breach or default under any Material Contract, except for breaches or defaults which will not, individually or in the aggregate, have a Material Adverse Effect.

Section 3.15 Employee Matters. The Company has paid or made provision for the payment of all salaries and accrued wages and has complied with all applicable laws, rules and regulations relating to the employment of labor, including those relating to wages, hours, collective bargaining and the payment and withholding of taxes, except for such instances of noncompliance as would not have a Material Adverse Effect, and has withheld and paid to the appropriate governmental authority all material amounts required by law or agreement to be withheld from the wages or salaries of its employees. Schedule 3.15 contains a list as of the date of this Agreement of all employees and independent contractors of the Company, their titles or positions, their current salaries or rates and the Company's salary increase guidelines. The Company has not experienced any strike, picketing, boycott, work stoppage or slowdown or other labor dispute, and is not the subject of any allegation, charge or complaint of unfair labor practice, employment discrimination, sexual harassment or other matters relating to the employment of labor that, if determined adversely to the Company, would have a Material Adverse Effect.

Section 3.16 Insurance. Schedule 3.16 sets forth a listing and brief description of coverage with respect to each insurance policy (including policies providing property, casualty, liability and workers' compensation coverage and bond and surety arrangements) to which the Company is a party, a named insured, or otherwise the beneficiary of coverage. With respect to each such insurance policy: (A) such policy is legal, valid, binding, enforceable, and in full force and effect (except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally or by general principles of equity); (B) the Company is not in material breach or default (including with respect to the payment of premiums or the giving of notices) and no event has occurred which, with notice or the lapse of time, would constitute such a material breach or default under, or would permit termination or modification of, such policy; and (C) the Company has received no notice of cancellation or non-renewal with respect to such policy.

Section 3.17 Customers and Suppliers. Schedule 3.17 contains an accurate and complete list of all customers of the Company that are being provided local exchange services as of the date of this Agreement, and such schedule designates which customers are being served through resale

of ILEC services and which are being served through the Company's switches. Schedule 3.17 contains an accurate and complete list of all customers served by the Company that are being provided Internet access or data services as of the date of this Agreement. Except as set forth on Schedule 3.17, neither the Company nor any Shareholder has received any notice that any such customer of the Company representing revenue of \$25,000 or more during such period has taken or contemplates taking any steps that could disrupt the business relationship of the Company with such customer. Schedule 3.17 contains a complete list of all vendors and suppliers to which the Company paid in excess of \$50,000 during the twelve-month period ended December 31, 2000, and neither the Company nor any Shareholder has received any notice that any such vendor or supplier has taken or contemplates taking any steps that could disrupt the business relationship of the Company with such vendor or supplier.

Section 3.18 Brokers. The Purchaser shall have no liability for any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Company.

Section 3.19 Company Schedule Update. Not later than the fifth business day prior to the anticipated date of Closing, the Company shall deliver to the Purchaser any revisions to the Company Schedules necessary to make such Company Schedules and the representations and warranties contained in this Article III true and correct as of the Closing Date (the "Updated Company Schedules"). The delivery of Updated Company Schedules shall not affect the rights of the Purchaser hereunder, including any right to indemnification.

Article IV

Representations and Warranties of the Purchaser and the Parent

The Parent and the Purchaser represent and warrant to the Company and the Stockholders as follows:

Section 4.1 Organization and Qualification. Each of the Parent and the Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware with the requisite corporate power to carry out the transactions contemplated hereby.

Section 4.2 Corporate Authorization. The execution, delivery and performance by the Parent and the Purchaser of this Agreement and the consummation of the transactions contemplated hereby are within the corporate powers of the Parent and the Purchaser and have been duly authorized by all necessary corporate action on the part of the Parent and the Purchaser. Assuming the due execution and delivery of this Agreement by each other party hereto, this Agreement constitutes a valid and binding obligation of the Parent and the Purchaser enforceable against the Parent and the Purchaser in accordance with its terms, except as such enforceability may be subject to bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws

of general application affecting the enforcement of creditors' rights generally and to general principles of equity, whether invoked in a proceeding in equity or at law.

Section 4.3 Consents and Approvals. Except for the required filings and approvals described in Section 7.2(b), the execution, delivery and performance by the Parent and the Purchaser of this Agreement and the consummation of the transactions contemplated hereby require no action by or in respect of, or filing with, or notice to any governmental or regulatory body, agency or official which, if not obtained or made, will prevent, materially delay or materially burden the transactions contemplated by this Agreement. Neither the execution, delivery and performance by the Parent and the Purchaser of this Agreement, nor the consummation by the Parent and the Purchaser of the transactions contemplated hereby, will (i) violate, conflict with, or result in a breach of, any provision of the charters or bylaws of the Parent or the Purchaser or (ii) assuming receipt of the Lucent Amendment referred to in Section 7.2(d) below, result in a default (or give rise to any right of termination, cancellation or acceleration) under, any of the terms, conditions or provisions of any Contract to which the Parent or the Purchaser is a party, or by which their properties or assets may be bound, excluding in the case of clause (ii) any violations, breaches or defaults which would not prevent consummation of the transactions contemplated hereby.

Section 4.4 Litigation. There are no claims, actions, suits, approvals, investigations, informal objections, complaints or proceedings pending against the Parent or the Purchaser before any court, arbitrator, or administrative, governmental or regulatory authority or body, nor is the Parent or the Purchaser subject to any order, judgment, writ, injunction or decree, which is reasonably likely to prevent, materially delay or materially burden the transactions contemplated hereby.

Section 4.5 Capitalization. Immediately prior to the consummation of the transactions contemplated hereby, the issued and outstanding capital stock of the Parent shall be as set forth on Schedule 4.5 hereto. The shares of Preferred Stock to be issued pursuant to this Agreement have been duly authorized and, when issued in accordance with the terms of this Agreement, shall be validly issued and outstanding, fully paid and non-assessable. The shares of Common Stock issuable upon conversion of the Preferred Stock have been duly reserved for such issuance and, when issued in accordance with the terms of the Preferred Stock, shall be validly issued and outstanding, fully paid and non-assessable.

Section 4.6 Financial Statements. The Parent has previously provided the Company and the Stockholders with copies of the Parent's unaudited consolidated balance sheet and related consolidated statements of income and cash flows as of and for the fiscal year ended December 31, 2000 and the audited balance sheet and related statements of income and cash flows for the Parent's predecessor for the fiscal year ended December 31, 1999. Such financial statements (including all notes thereto) (i) fairly present the financial condition of the Parent or its predecessor (as applicable) as of the dates thereof and their results of operations for the periods covered thereby; and (ii) have been prepared in accordance with GAAP applied on a consistent basis throughout the periods involved, subject in the case of the unaudited financial statements only to normal year-end audit adjustments (which will not be material in amount) and the absence of full footnote disclosures.

Section 4.7 Absence of Undisclosed Liabilities. Except as set forth on the Parent's unaudited consolidated balance sheet dated as of December 31, 2000 (the "Latest Parent Balance Sheet"), the Company has no material liabilities or obligations of any nature that would be required to be set forth on a consolidated balance sheet prepared in accordance with GAAP other than liabilities or obligations incurred in the ordinary course of the Parent's business subsequent to the date of the Latest Parent Balance Sheet. Since the date of the Latest Parent Balance Sheet, there have been no events or changes affecting the Parent or its business that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

Section 4.8 Compliance with Law. The Company is in compliance with all applicable statutes, laws, ordinances, regulations, rules or orders of any foreign, federal, state or local government or any other governmental department or agency (including without limitation all legal requirements relating to human health and safety and the protection of the environment), and all judgments, decrees or orders of any court of competent jurisdiction, applicable to the Business, except where any such violation or failure to comply would not have a Material Adverse Effect. The Company has obtained, and is in compliance in all material respects with, all Licenses from governmental agencies required to conduct its business as now being conducted, except for those Licenses that, if not obtained, would not have a Material Adverse Effect. No event has occurred with respect to any such License that would permit the revocation, termination, suspension or nonrenewal thereof or could result in an impairment of the Company's rights thereunder. Without limitation of the foregoing: (a) the Company is not required to obtain any Licenses in connection with the operation of the Business or the ownership of its properties pursuant to any applicable Communications Laws; (b) the Company's local exchange, long distance and other communications services have been offered, and its physical facilities, systems and equipment have been operated, in compliance in all material respects with all applicable Communications Laws; (c) the Company has filed in a timely manner all reports, applications and other information required to be filed under applicable Communications Laws, all of which are accurate and complete in all material respects, except where to failure to make such filings on a timely basis would not have a Material Adverse Effect; and (d) the Company has received no notice or other communication from any governmental authority indicating that its operations are not in compliance with any applicable Communications Laws.

Section 4.9 Title to Assets; Proprietary Rights. The Parent or the Purchaser has good and marketable title to, or a valid and enforceable right to use, all of the assets that are material to the conduct of its business, including all patents, trademarks, service marks, copyrights, trade secrets, licenses and other proprietary rights necessary for the conduct of its business, in each case free and clear of any liens other than Permitted Liens. Neither the Parent nor the Purchaser has received any communications alleging that it has violated or, by conducting its business as currently contemplated would violate, any proprietary rights of any other person, nor is the Parent or the Purchaser aware of any basis for any of the foregoing.

Section 4.10 Brokers. The Company and the Stockholders shall have no liability for any brokerage, finder's or other fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of the Purchaser.

Article V

Representations and Warranties of the Stockholders

Each of the Stockholders severally and not jointly represents and warrants to the Parent and the Purchaser as follows:

Section 5.1 Organization and Qualification. Such Stockholder is an entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization with the requisite organizational power to carry out the transactions contemplated hereby.

Section 5.2 Authorization. The execution, delivery and performance by such Stockholder of this Agreement and the consummation of the transactions contemplated hereby are within the organizational powers of such Stockholder and have been duly authorized by all necessary action on the part of such Stockholder. Assuming the due execution and delivery of this Agreement by each other party hereto, this Agreement constitutes a valid and binding obligation of such Stockholder enforceable against such Stockholder in accordance with its terms, except as such enforceability may be subject to bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws of general application affecting the enforcement of creditors' rights generally and to general principles of equity, whether invoked in a proceeding in equity or at law.

Section 5.3 Consents and Approvals. The execution, delivery and performance by such Stockholder of this Agreement and the consummation of the transactions contemplated hereby require no action by or in respect of, or filing with, or notice to any governmental or regulatory body, agency or official which, if not obtained or made, will prevent, materially delay or materially burden the transactions contemplated by this Agreement. Neither the execution, delivery and performance by such Stockholder of this Agreement, nor the consummation by such Stockholder of the transactions contemplated hereby, will (i) violate, conflict with, or result in a breach of, any provision of the organizational documents of such Stockholder or (ii) result in a default (or give rise to any right of termination, cancellation or acceleration) under, any of the terms, conditions or provisions of any Contract to which such Stockholder is a party, or by which its properties or assets may be bound, excluding in the case of clause (ii) any violations, breaches or defaults which would not prevent consummation of the transactions contemplated hereby.

Section 5.4 Litigation. There are no claims, actions, suits, approvals, investigations, informal objections, complaints or proceedings pending against such Stockholder before any court, arbitrator, or administrative, governmental or regulatory authority or body, nor is such Stockholder subject to any order, judgment, writ, injunction or decree, which is reasonably likely to prevent, materially delay or materially burden the transactions contemplated hereby.

Section 5.5 Brokers. The Parent and the Purchaser shall have no liability for any brokerage, finder's or other fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of such Stockholder.

Article VI

Covenants

Section 6.1 Conduct of Business of the Company. Except as expressly contemplated by this Agreement or otherwise consented to in writing by the Purchaser, during the period from the date of this Agreement to the Closing Date, the Company shall conduct the Business in the ordinary course, and will not intentionally take any actions that would result in a breach of the Company's representations and warranties contained herein or that could reasonably be expected to have a Material Adverse Effect. Without limiting the generality of the foregoing, and except as otherwise expressly provided in this Agreement, prior to the Closing Date, the Company will not, without the prior written consent of the Purchaser: (i) sell, pledge, dispose of or encumber its assets, except for sales of inventory in the ordinary course of the Business and sales of Excluded Assets; (ii) other than borrowings from the Stockholders for working capital purposes, incur any indebtedness for borrowed money, issue or sell any debt securities, or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other individual or entity, or make any loans or advances; (iii) except as otherwise required by law, enter into, adopt or amend in any material respect, any material agreement or plan for the benefit of its employees; or (iv) acquire (by merger, consolidation or acquisition of stock or assets) any corporation, partnership or other business organization or division thereof or make any material investment either by purchase of stock or securities, contributions to capital, property transfer or purchase of any material amount of property or assets, in any other individual or entity. Notwithstanding the foregoing, the Company may (x) take any action that is consented to or approved by the Purchaser pursuant to the Management Agreement. (y) pay, settle or compromise any liabilities of the Company for amounts that are no greater than the stated amounts thereof, and (iii) return to vendors and settle or compromise any liabilities of the Company with respect to surplus equipment constituting Excluded Assets.

Section 6.2 Filings and Other Actions. Each of the parties shall use all commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws to consummate and make effective, as soon as reasonably practicable, the transactions contemplated hereby. Without limiting the generality of the foregoing, each of the parties shall (i) make all required filings with or applications to the Federal Communications Commission, the public service or public utilities commissions of the States of Alabama, Georgia, Louisiana, Mississippi and Florida and all other governmental bodies and regulatory authorities no later than ten Business Days after the execution of this Agreement, (ii) use all commercially reasonable efforts to obtain all licenses, permits, approvals, authorizations, waivers and consents of all third parties necessary for the consummation of the transactions contemplated

hereby, (iii) use all commercially reasonable efforts to oppose, lift or rescind any injunction or restraining order or other order adversely affecting the ability of the parties to consummate the transactions contemplated hereby; and (iv) use all commercially reasonable efforts to fulfill all conditions to this Agreement.

Section 6.3 Access to Information; Confidentiality.

(a) Subject to the terms of the Confidentiality Agreement (as defined below), from the date hereof to the Closing Date, the Company shall, and shall cause its subsidiaries, officers, directors, employees and agents to, afford the directors, officers, employees, agents, representatives and advisors of the Purchaser reasonable access at all reasonable times to its officers, employees, agents, properties, books, records and contracts, and shall furnish the Purchaser all financial, operating and other data and information as the Purchaser may reasonably request. That certain letter agreement dated _____ between Brown Brothers Harriman & Co. (on behalf of the Purchaser) and the Company (the "Confidentiality Agreement") with respect to, among other things, confidential treatment of information provided by the Company and its representatives to the Purchaser and its representatives shall remain in full force and effect and shall survive the execution and delivery of this Agreement and the termination of this Agreement for any reason whatsoever.

(b) Subject to the terms of the Confidentiality Agreement (with the obligations of the Purchaser thereunder applied *mutatis mutandis* to the Company and its representatives, agents and Affiliates), the Parent and the Purchaser shall, and shall cause their officers, directors, employees and agents to, afford the directors, officers, employees, agents, representatives and advisors of the Company reasonable access at all reasonable times to their officers, employees, agents, properties, books, records and contracts, and shall furnish the Company all financial, operating and other data and information as the Company may reasonably request.

(c) At all times following the Closing, the Company shall afford the Purchaser and its representatives full access to all books and records of the Company that are not transferred to the Purchaser, including Tax records. The Company shall retain all such records following the Closing and, upon the liquidation of the Company, shall offer the Purchaser the opportunity to retain such records on its own behalf.

Section 6.4 Public Announcements. The parties shall consult with each other before issuing any press release or otherwise making any public statements with respect to this Agreement or the transactions contemplated hereby and shall not issue any such press release or make any such public statement prior to such consultation, except as may be required by law.

Section 6.5 No Solicitation.

(a) The Company shall, and shall use its commercially reasonable efforts to cause its Affiliates and each of its and their respective officers, directors, employees, representatives, consultants, investment bankers, attorneys, accountants and other agents immediately to, cease any

discussions or negotiations with any other person or legal entity that may be ongoing with respect to any Acquisition Proposal (as defined below). The Company shall not take, and shall use its commercially reasonable efforts to cause its Affiliates and its and their respective officers, directors, employees, representatives, consultants, investment bankers, attorneys, accountants or other agents or Affiliates not to take, any action (i) to encourage, solicit, initiate or facilitate, directly or indirectly, the making or submission of any Acquisition Proposal, (ii) to enter into any agreement, arrangement or understanding with respect to any Acquisition Proposal, or to agree to approve or endorse any Acquisition Proposal or enter into any agreement, arrangement or understanding that would require the Company to abandon, terminate or fail to consummate the transactions contemplated by this Agreement, or (iii) to facilitate or further in any other manner any inquiries or the making or submission of any proposal that constitutes, or may reasonably be expected to lead to, any Acquisition Proposal; provided, however, that the Company, in response to an unsolicited Acquisition Proposal that did not result from a breach of this Section 6.5(a) and otherwise in compliance with its obligations under Section 6.5(c) hereof, may (x) request clarifications from, or furnish information to (but not enter into discussions with) any person or legal entity which makes such unsolicited Acquisition Proposal if (A) such action is taken subject to a confidentiality agreement with terms not more favorable to such person or legal entity than the terms of the Confidentiality Agreement (as in effect on the date hereof), (B) such action is taken solely for the purpose of obtaining information reasonably necessary to ascertain whether such Acquisition Proposal is, or could reasonably likely lead to, a Superior Proposal (as defined below), and (C) a majority of the members of the Board of Directors of the Company reasonably determines in good faith upon consultation with the advice of counsel that it is necessary to take such actions in order to comply with the fiduciary duties of the Board of Directors of the Company under Delaware law; or (y) participate in discussions with, request clarifications from, or furnish information to, any person or legal entity which makes such unsolicited Acquisition Proposal if (A) such action is taken subject to a confidentiality agreement with terms not more favorable to such third party than the terms of the Confidentiality Agreement (as in effect on the date hereof), (B) a majority of the members of the Board of Directors of the Company reasonably determines in good faith that such Acquisition Proposal may reasonably be expected to lead to a Superior Proposal, and (C) a majority of the members of the Board of Directors of the Company reasonably determines in good faith upon consultation with the advice of counsel that it is necessary to take such actions in order to comply with the fiduciary duties of the Board of Directors under applicable law.

(b) Neither the Board of Directors of the Company nor any committee thereof shall (i) withdraw, modify or amend, or propose to withdraw, modify or amend, in a manner adverse to Parent or Purchaser, any approval, adoption or, as the case may be, recommendation of the transactions contemplated by this Agreement, or (ii) approve or recommend, or propose to approve or recommend, any Acquisition Proposal; provided that the Company may recommend to its stockholders an Acquisition Proposal and, in connection therewith, withdraw or modify its approval or recommendation of the transactions contemplated by this Agreement if (w) the Company has complied with its obligations under Sections 6.5(a) and 6.5(c), (x) a majority of the Board of Directors of the Company have determined upon consultation with the advice of an independent financial advisor that the Acquisition Proposal is a Superior Proposal, (y) all the conditions to the

Company's right to terminate this Agreement in accordance with Section 8.1(d) hereof have been satisfied, and (z) simultaneously with such withdrawal, modification or recommendation, this Agreement is terminated in accordance with Section 8.1(d) hereof.

"Acquisition Proposal" shall mean (i) any inquiry, proposal or offer from any person or legal entity or group of persons or legal entities relating to any direct or indirect acquisition or purchase of a majority or more of the consolidated assets of the Company and its Subsidiaries or a majority or more of any class of equity securities of the Company, (ii) any tender offer or exchange offer that, if consummated, would result in any Person beneficially owning a majority or more of any class of equity securities of the Company, (iii) any merger, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving the Company, or (iv) any other transaction the consummation of which could reasonably be expected to impede, interfere with, prevent or materially delay the transactions contemplated by this Agreement or which could reasonably be expected to dilute materially the benefits to Parent of the transactions contemplated hereby.

"Superior Proposal" shall mean a *bona fide* written Acquisition Proposal made by a third party to acquire all of the capital stock of the Company pursuant to a tender offer, a merger or consolidation or a sale of all of the assets of the Company (i) on terms which a majority of the members of the Board of Directors of the Company reasonably determines in good faith upon consultation with the advice of an independent financial advisor to be more favorable to the Company and its stockholders (in their capacity as such) than the transactions contemplated hereby (to the extent as the transactions contemplated hereby are proposed to be modified by Parent in accordance with Section 8.1(d)), and (ii) which is reasonably capable of being consummated (taking into account, among other things, all legal, financial, regulatory and other aspects of such proposal and the identity of the Person making such proposal).

(c) In addition to the obligations of the Company set forth in Section 6.5(a), on the date of receipt or occurrence thereof, the Company shall advise Purchaser of any request for information with respect to any Acquisition Proposal or of any Acquisition Proposal, or any inquiry, proposal, discussions or negotiation with respect to any Acquisition Proposal, the terms and conditions of such request, Acquisition Proposal, inquiry, proposal, discussion or negotiation and the Company shall, within two Business Days of the receipt thereof, promptly provide to Purchaser copies of any written materials received by the Company in connection with any of the foregoing, and the identity of the person or legal entity making any such Acquisition Proposal or such request, inquiry or proposal or with whom any discussion or negotiation are taking place. The Company shall keep Purchaser fully informed of the status and material details (including amendments or proposed amendments) of any such request or Acquisition Proposal and keep Purchaser fully informed as to the material details of any information requested of or provided by the Company and as to the details of all discussions or negotiations with respect to any such request, Acquisition Proposal, inquiry or proposal, and shall provide to Purchaser within two Business Days of receipt thereof all written materials received by the Company with respect thereto.

Section 6.6 Change in Name. Within three Business Days following the Closing, the Company shall change its corporate name to "AIC Holdings Corporation."

Section 6.7 Employment Matters.

(a) From the date hereof through the Closing Date, the Company shall make its employees available to the Purchaser for the purpose of enabling the Purchaser to identify those Company employees to whom the Purchaser wishes to extend offers of employment. Prior to the Closing, the Purchaser may (but shall not be obligated to) extend offers of employment to selected employees of the Company on terms that the Purchaser deems appropriate, which offers shall be contingent upon consummation of the transactions contemplated hereby, and the Purchaser shall identify to the Company in writing all employees to whom offers of employment have been made not less than five Business Days prior to the Closing Date. All such employees who are offered employment and accept employment with the Purchaser are referred to herein as the "Transferred Employees." The Purchaser shall provide the Transferred Employees with employee benefits that are substantially similar to benefits afforded similarly situated employees of the Purchaser, and shall waive all preexisting condition limitations in its insurance plans and credit time served with the Company for purposes of determining eligibility under its insurance and other employee benefit plans, in each case to the extent permitted under the terms of such plans. The Purchaser shall permit Transferred Employees participating in the Company's 401(k) plan to transfer their account balances to the Purchaser's 401(k) plan as soon as reasonably practicable following the Closing. The Purchaser and the Company agree to use the alternative procedure set forth in Section 5 of Revenue Procedure 84-77, 1984 Cum. Bull. 753, to treat all Transferred Employees as having one employer for payroll tax and compliance purposes during the entire calendar year 2001.

(b) Those employees who are not offered employment by the Purchaser, or who decline the Purchaser's offer of employment, shall remain the sole responsibility of the Company. ~~In the event that the transactions contemplated hereby are not consummated for any reason other than a breach by the Company or the Stockholders of their obligations hereunder,~~ the Purchaser and Parent agree that they will not hire any Company employee to whom a conditional offer of employment has been made for a period of 120 days following the date of termination of this Agreement.

Section 6.8 Discharge of Liabilities. All checks and similar instruments issued by the Company that are outstanding on the Closing Date shall be honored by the Company upon presentment subsequent to the Closing Date. Immediately following the Closing, the Company shall discharge in full all known Excluded Liabilities and shall upon request provide appropriate evidence of such discharge to the Purchaser. Immediately following the satisfaction of all adjustments pursuant to Section 2.3, the Company shall dissolve and shall commence a liquidation pursuant to Sections 280 and 281 of the Delaware General Corporation Law (the "DGCL") pursuant to a Plan of Liquidation in substantially the form of Exhibit G hereto. To the maximum extent permitted by applicable law, in the event that any persons other than the Stockholders are entitled to receive any shares of Preferred Stock issued to the Company pursuant to Section 1.3 as a result of such

liquidation, the Company agrees to convert such shares into Common Stock prior to any distribution thereof to such other persons and to cause such persons to execute the Stockholders Agreement and, if such other persons do not constitute “accredited investors” as defined in Regulation D of the Securities and Exchange Commission, the Company shall, in lieu of distribution of such shares, pay cash to such other persons in an amount equal to the value of the shares such other persons would otherwise be entitled to receive.

Section 6.9 Directors’ and Officers’ Insurance. For a period of ____ years from the Closing Date, the Purchaser shall either (i) maintain in effect the Company’s current directors’ and officers’ liability insurance covering those persons who are currently covered on the date of this Agreement by such policy (a copy of which has been heretofore delivered to the Parent); provided, however, that in no event shall Parent be required to expend in any one year an amount in excess of \$____ to maintain such coverage; and provided, further, that if the annual premiums of such insurance coverage exceed such amount, the Purchaser shall be obligated to obtain a policy with the greatest coverage available for a cost not exceeding such amount, or (ii) cause the Parent’s or the Purchaser’s directors’ and officers’ liability insurance then in effect to cover such persons with respect to those matters covered by the Company’s directors’ and officers’ liability insurance policy. Notwithstanding the foregoing, the Purchaser may substitute for such policies other policies (including, without limitation a “tail” policy) with at least the same coverage containing terms and conditions which are no less advantageous, and provided that said substitution does not result in any gaps or lapses in coverage with respect to matters occurring prior to the Closing.

Article VII

Conditions to Closing

Section 7.1 Conditions to Each Party's Obligation. The respective obligations of each party to effect the Closing are subject to the satisfaction or waiver prior to the Closing Date of the following conditions:

(a) No Legal Prohibition. No statute, rule, regulation or order shall be enacted, promulgated, entered or enforced by any court or governmental authority which would prohibit consummation by such party of the transactions contemplated hereby.

(b) Regulatory Approvals. All required approvals from the Federal Communications Commission and the public service or public utilities commissions or similar regulatory authorities of the States of Alabama, Georgia, Louisiana, Mississippi and Florida shall have been obtained.

(c) No Injunction. Such party shall not be prohibited by any order, ruling, consent, decree, judgment or injunction of a court or regulatory agency of competent jurisdiction from consummating the transactions contemplated hereby.

(d) Adjustment Amount. The Adjustment Amount shall have been finally determined pursuant to Section 1.6, subject only to further adjustment pursuant to Section 2.3.

Section 7.2 Conditions to Obligations of the Purchaser and the Parent. The obligations of the Purchaser and the Parent to close the transactions contemplated hereby shall be subject to the fulfillment and satisfaction, prior to or at the Closing, of the following conditions:

(a) Representations and Covenants. The representations and warranties of the Company and the Stockholders contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as though made on and as of the Closing Date (other than representations and warranties made only as of a specified date, which shall be true and correct in all material respects as of such date). The Company and the Stockholders shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by it on or prior to the Closing Date. Each of The Company and the Stockholders shall have delivered to the Purchaser a certificate dated the Closing Date to the foregoing effect as to its own representations, warranties, covenants and agreements. Notwithstanding the foregoing, no action taken by the Purchaser pursuant to the Management Agreement shall be deemed to constitute a breach of the Company's representations, warranties, covenants and agreements hereunder for purposes of this Section 7.3(a).

(b) Approvals. All governmental and material third party approvals, consents, permits or waivers necessary for consummation of the transactions contemplated by this Agreement (including transfer of the Company's CIC Code) shall have been obtained in form and substance reasonably satisfactory to the Purchaser and the Parent.

(c) Opinion of Counsel. The Purchaser shall have received the opinion of Gordon, Arata, McCollam, Duplantis & Eagan, LLP, counsel to the Company, in substantially the form of Exhibit G hereto.

(d) Amendment to Lucent Facility. Lucent Technologies, Inc. shall have entered into an amendment to the Credit Agreement dated as of October 6, 2000 with the Parent and the Purchaser to evidence Lucent's consent to the transactions contemplated hereby and to provide for **[to be supplied]**, in form and substance satisfactory to the Parent and the Purchaser (the "Lucent Amendment").

(e) Equity Documents. The transactions contemplated by the Stock Purchase Agreement shall have been consummated, and each of the Stockholders (and each other person receiving shares of Preferred or Common Stock pursuant to the Stock Purchase Agreement or the liquidation of the Company) shall have executed or otherwise agreed to be bound by the Amended and Restated Stockholders Agreement dated as of the date of Closing (the "Stockholders Agreement") among the Parent and the stockholders of the Parent signatory thereto in substantially the form of Exhibit H hereto.

(f) Delivery of Audited Financials. The Company shall have delivered to the Parent and the Purchaser its audited consolidated financial statements for the year ended December 31, 2000, which financial statements shall reflect no material adverse differences from the Unaudited Financial Statements.

Section 7.3 Conditions to Obligations of the Company and the Stockholders. The obligations of the Company and the Stockholders to close the transactions contemplated hereby shall be subject to the fulfillment and satisfaction, prior to or at the Closing, of the following conditions:

(a) Representations and Covenants. The representations and warranties of the Purchaser and the Parent contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as though made on and as of the Closing Date (other than representations and warranties made only as of a specified date, which shall be true and correct in all material respects as of such date). The Purchaser and the Parent shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by the Purchaser and the Parent on or prior to the Closing Date. The Purchaser and the Parent shall have delivered to the Company and the Stockholders a certificate dated the Closing Date to the foregoing effect.

(b) Approvals. All governmental approvals, consents, permits or waivers necessary for consummation of the transactions contemplated by this Agreement which, if not obtained, would result in a material liability to the Company or the Stockholders shall have been obtained in form and substance reasonably satisfactory to the Company and the Stockholders.

(c) Opinion of Counsel. The Company shall have received the opinion of Correro Fishman Haygood Phelps Walmsley & Casteix, LLP, counsel to the Company, in substantially the form of Exhibit H hereto.

(d) Equity Documents. The Parent shall have filed the Amended and Restated Certificate with the Delaware Secretary of State and the Parent and each of the Parent's existing stockholders signatory thereto shall have executed and delivered the Stockholders Agreement.

(e) Adjustment Amount. The Adjustment Amount determined pursuant to Section 1.6 shall not exceed \$_____, subject only to further adjustment pursuant to Section 2.3.

Article VIII

Termination

Section 8.1 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) By mutual written consent of the parties.

(b) By the Company or the Stockholders: (i) if the Closing Date shall not have occurred on or before June 30, 2001 other than as a result of a breach by the Company or the Stockholders of their representations, warranties or other obligations hereunder, or (ii) if, prior to the Closing Date, the Purchaser or the Parent fails to perform in any material respect any of their respective obligations under this Agreement after notice and a reasonable opportunity to cure such failure; provided, however that this Agreement may not be terminated pursuant to this Section 8.1(b) if the Company or either of the Stockholders is in material breach of its obligations hereunder.

(c) By the Purchaser or the Parent: (i) if the Closing Date shall not have occurred on or before June 30, 2001 other than as a result of a breach by the Purchaser or the Parent of their respective representations, warranties or other obligations hereunder, or (ii) if, prior to the Closing Date, the Company or the Stockholders fail to perform in any material respect any of their respective obligations under this Agreement after notice and a reasonable opportunity to cure such failure; provided, however that this Agreement may not be terminated pursuant to this Section 8.1(c) if the Purchaser or the Parent is in material breach of its obligations hereunder; and provided, further, that no action taken by the Company after the date hereof at the direction or with the express consent of the Purchaser may serve as a basis for a termination pursuant to this Section 8.1(c).

(d) By the Company at any time prior to Closing, if a Superior Proposal is received and a majority of the members of the Board of Directors of the Company determines in good faith upon consultation with the advice of counsel that it is necessary to terminate this Agreement and enter into an agreement to effect the Superior Proposal in order to comply with the fiduciary duties of the Board of Directors under applicable law; provided, however, that the Company may not terminate this Agreement pursuant to this Section 8.1(d) unless and until (x) five (5) Business Days have elapsed following delivery to the Purchaser of a written notice of such determination by the Board of Directors and during such five (5) Business Day period the Company has fully cooperated with the Purchaser including without limitation, informing the Purchaser of the terms and conditions of such Superior Proposal and the identity of the person or legal entity making such Superior Proposal, with the intent of enabling both parties to agree to a modification of the terms and conditions of this Agreement so that the transactions contemplated hereby may be effected; (y) at the end of such five (5) Business Day period the Acquisition Proposal continues to constitute a Superior Proposal, and a majority of the members of the Board of Directors of the Company continues to determine in good faith that it is necessary to terminate this Agreement and enter into an agreement to effect the Superior Proposal in order to comply with the fiduciary duties of the Board of Directors under applicable law; and (z) (A) prior to such termination, the Purchaser has received payment of all amounts due pursuant to a break-up fee in the amount of \$2,500,000 as well as all expense reimbursements set forth in Section 10.7 hereof by wire transfer in same day funds and (B) simultaneously or substantially simultaneously with such termination the Company

enters into a definitive acquisition, merger, asset purchase or similar agreement to effect the Superior Proposal.

~~(d)(4)~~ by the Parent or the Purchaser at any time prior to the Closing Date, if (i) either (x) the Company shall have (A) withdrawn, modified or amended, or proposed to withdraw, modify or amend, in a manner adverse to the Parent or the Purchaser, the approval, adoption or recommendation, as the case may be, of the transactions contemplated by this Agreement, or (B) approved or recommended, or proposed to approve or recommend, any Acquisition Proposal, or (y) the Company's Board of Directors or any committee thereof shall have resolved to take any of the actions set forth in the foregoing clause (x) ~~of the foregoing~~; or (ii) if there shall have been a breach by the Company of any provision of Section 6.5.

Section 8.2 Effect of Termination. In the event of termination of this Agreement as provided in Section 8.1 hereof, all obligations of the parties under this Agreement shall terminate without liability of any party to any other party, except (i) that the obligations set forth in Sections 6.3, 6.4 and 10.7 of this Agreement and in the Confidentiality Agreement shall survive any such termination and (ii) for liability for actual fraud or willful breach of this Agreement.

Article IX

Indemnification

Section 9.1 Survival of Representations, Warranties, Covenants and Agreements. The parties shall have the right to rely fully upon the representations, warranties, covenants and agreements contained in this Agreement or in any certificate delivered hereunder. The representations and warranties of the parties shall not survive the Closing, and the covenants and agreements of the parties shall survive the Closing for the term of the statute of limitations applicable thereto.

Section 9.2 Obligation of the Company and the Stockholders to Indemnify. Subject to the limitations contained in Section 9.4, the Company and, upon dissolution of the Company and the distribution of its assets in accordance with Section 6.8 of this Agreement and Section 281(b) of the DGCL, the Stockholders shall ~~jointly and severally~~ indemnify and hold harmless the Purchaser and the Parent (and their directors, officers, employees, Affiliates, successors and assigns) from and against all losses, liabilities, damages, deficiencies, costs or expenses (including interest, penalties and reasonable attorneys' fees and disbursements) (collectively, "Losses") based upon or arising out of (i) any breach of any covenant or agreement of the Company or the Stockholders contained in this Agreement or in any document or other instrument delivered hereunder, and (ii) the Excluded Liabilities.

Section 9.3 Obligation of the Purchaser and the Parent to Indemnify. The Purchaser and the Parent shall jointly and severally indemnify ~~defend~~ and hold harmless the Company and the Stockholders (and their directors, officers, employees, Affiliates, successors and assigns) from and against all Losses based upon or arising out of (i) any breach of any covenant or agreement of the Purchaser or the Parent contained in this Agreement or in any document or other instrument delivered hereunder, and (ii) the Assumed Liabilities.

Section 9.4 Limitations of Indemnity.

(a) Notwithstanding the foregoing, (i) no claim for indemnification shall be asserted with respect to any single Loss in an amount less than \$10,000 (it being understood that all Losses arising from the same operative facts and circumstances shall be deemed a single aggregate Loss); (ii) no amounts shall be payable by any party under this Article IX unless and until the aggregate amount otherwise payable by such party in the absence of this clause exceeds \$25100,000, in which event all amounts in excess of such amount (but only such amounts in excess) shall be due; (iii) neither Stockholder shall be liable hereunder for a breach of covenant by the other Stockholder; (iv) with respect to any single claim against the Stockholders hereunder (other than a claim against an individual Stockholder for a breach of such Stockholder's covenants), neither Stockholder shall be liable for any portion of such claim in excess of such Stockholder's pro rata share thereof (determined by reference to the relative percentages of the shares of Preferred Stock issued pursuant to Section 1.3 that are received by the Stockholders in the liquidation of the Company); (v) the

Company and, after the dissolution of the Company and the distribution of its assets in accordance with Section 6.8 of this Agreement and Section 281(b) of the DGCL, the Stockholders, shall not be liable for any Losses suffered by the Parent and/or the Purchaser in an amount exceeding the Purchase Price; or, in the case of any Stockholder, that portion of the Purchase Price distributed to such Stockholder in accordance with the plan of distribution enacted pursuant to Section 6.8 hereof; and (iv) the Purchaser and the Parent shall not, in the aggregate, be responsible for any Losses suffered by the Company or the Stockholders in amount exceeding the Purchase Price.

~~(e)(e)(e)~~ In any case where an indemnified party recovers from third parties all or any part of any amount paid to it by an indemnifying party pursuant to this Article IX, such indemnified party shall promptly pay over to the indemnifying party the amount so recovered, but not in excess of any amount previously so paid by the indemnifying party.

Section 9.5 Procedure for Indemnification Claims.

(a) Any indemnified party asserting a right of indemnification provided for under this Article IX in respect of a Claim asserted by a third party (a "Third Party Claim") shall notify the indemnifying party in writing of the Third Party Claim within ten Business Days after receipt by such indemnified party of written notice of the Third Party Claim. As part of such notice, the indemnified party shall furnish the indemnifying party with copies of any pleadings, correspondence or other documents relating thereto that are in the indemnified party's possession. The indemnified party's failure to notify the indemnifying party of any such matter within the time frame specified above shall not release the indemnifying party, in whole or in part, from its obligations under this Article IX except to the extent that the indemnifying party's ability to defend against such claim is actually prejudiced thereby. The indemnifying party agrees (and, at such time as the indemnifying party acknowledges its liability under this Article IX with respect to such Third Party Claim, the indemnifying party shall have the sole and exclusive right) to defend against, settle or compromise such Third Party Claim at the expense of such indemnifying party; provided, however, that the indemnifying party, without the consent of the indemnified party, shall not settle any Third Party Claim unless such settlement (x) does not require the indemnified party to take any action other than pay monetary damages for which the indemnifying party will be responsible in their entirety, (y) does not require the indemnified party to admit to any wrong-doing or fault in respect of such Third Party Claim and (z) contains a full and complete release of the indemnified party from all liability in respect of or relating to such Third Party Claim and the facts and circumstances surrounding such Third Party Claim. The indemnified party shall have the right (but not the obligation) to participate in the defense of such claim through counsel selected by it, which counsel shall be at the indemnified party's expense to the extent that the indemnifying party has assumed the defense of such claim unless counsel for the indemnifying party could not adequately represent the interests of the indemnified party due to an actual or potential conflict of interest, in which case such counsel shall be at the indemnifying party's expense. In no event shall the indemnifying parties be liable hereunder for the fees and expenses of more than one law firm or counsel representing the indemnified parties in connection with such Third Party Claim. The indemnified party shall cooperate with the indemnifying party and provide such assistance at the indemnifying party's expense as the

indemnifying party may reasonably request in connection with the defense of such claim, including but not limited to providing the indemnifying party access to and use of all relevant corporate records and making available its officers and employees for depositions, other pre-trial discovery and as witnesses at trial, if required. If the indemnifying party refuses to acknowledge its liability under this Article IX with respect to such Third Party Claim, then the indemnified party shall have the right to control the defense of such Third Party Claim and shall have the right, without the indemnifying party's consent, to settle or compromise such Third Party Claim for the account of the indemnifying party.

(b) In the event of any claim for indemnification hereunder that is not a Third Party Claim, the indemnified party shall give reasonable notice thereof to the indemnifying party and shall afford the indemnifying party access to all relevant corporate records and other information in its possession relating thereto.

(c) If any party becomes obligated to indemnify another party with respect to any claim for indemnification hereunder and the amount of liability with respect thereto shall have been finally determined, subject to the limitations set forth in Section 9.4, the indemnifying party shall pay such amount to the indemnified party in immediately available funds within ten days following written demand by the indemnified party or, at the option of the indemnifying party, through the issuance or surrender (as applicable) of shares of Preferred Stock valued for such purpose at \$4.81 per share. Each Stockholder hereby constitutes the Parent as its attorney-in-fact for purposes of effecting any cancellation of shares of Preferred Stock held by such Stockholder in accordance with this Article IX, and the shares of Preferred Stock issued pursuant to Section 1.3 shall bear an appropriate restrictive legend to such effect.

Section 9.6 Exclusive Remedy. Following the Closing, the provisions for indemnification set forth in this Article IX shall be the exclusive remedies of the parties arising out of or in connection with this Agreement, and shall be in lieu of any rights under contract, tort, equity or otherwise (other than claims based on actual fraud or intentional breach of this Agreement).

Article X

General Provisions

Section 10.1 Rules of Construction.

(a) Definitions. For purposes of this Agreement, (i) a "Material Adverse Effect" shall mean (x) with respect to the Company, a material adverse effect on the operations, financial condition or prospects of the Business or on the Transferred Assets, taken as a whole, or on the Company's ability to consummate the transactions contemplated by this Agreement; provided, however, that no Material Adverse Effect shall be deemed to result from (A) the occurrence or failure to occur of any event or change in (x) the general economic conditions of the United States

or the Southeastern region of the United states or (y) conditions affecting the CLEC industry generally, or (B) any action taken by or on behalf of or at the direction of the Purchaser under the Management Agreement, and (y) with respect to the Parent and the Purchaser, a material adverse effect on the business, operations or financial condition of the Parent and the Purchaser, taken as a whole; provided, however, that no Material Adverse Effect shall be deemed to result from (A) the occurrence or failure to occur of any event or change in (x) the general economic conditions of the United States or the Southeastern region of the United states or (y) conditions affecting the CLEC industry generally, or (B) any action taken by or on behalf of the Company or any of its subsidiaries; (ii) "Business Day" shall mean any day except a Saturday, a Sunday or any other day on which commercial banks are required or authorized to close in New York, New York, Mobile, Alabama, or New Orleans, Louisiana; and (iii) "Affiliate" shall mean means, with respect to any person or legal entity, any other person or legal entity that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the first mentioned person or legal entity.

(b) Knowledge. Where a representation or warranty is stated to be based on the knowledge of a party, such phrase shall refer to whether any of such party's president, chief financial officer, vice-presidents, general counsel or directors has actual knowledge of the matters involved.

(c) Severability. If any provision of this Agreement, or the application thereof to any person, place or circumstance, shall be held by a court of competent jurisdiction to be illegal, invalid, unenforceable or void, then such provision shall be enforced to the extent that it is not illegal, invalid, unenforceable or void, and the remainder of this Agreement, as well as such provision as applied to other persons, places or circumstances, shall remain in full force and effect.

Section 10.2 Waiver. With regard to any power, remedy or right provided in this Agreement or otherwise available to any party, no waiver or extension of time shall be effective unless expressly contained in a writing signed by the waiving party, no alteration, modification or impairment shall be implied by reason of any previous waiver, extension of time, delay or omission in exercise or other indulgence, and waiver by any party of the time for performance of any act or condition hereunder does not constitute a waiver of the act or condition itself.

Section 10.3 Notices. Any notice or other communication required or permitted under this Agreement shall be in writing and shall be deemed duly given upon actual receipt, if delivered personally or by telex, telegram or telecopy; or five days following deposit in the United States mail, if deposited with postage pre-paid, return receipt requested and addressed to such address as may be specified in writing by the relevant party from time to time, and which shall initially be as follows:

(a) If to the Company:

Actel Integrated Communications, Inc.
1509 Government Street, Suite 300
Mobile, AL 36604

Attention: Scott Ross
Phone:
Fax:

with a copy to:

Gordon, Arata, McCollam, Duplantis & Eagan, LLP
201 St. Charles Avenue, Suite 4000
New Orleans, LA 70170-4000
Attention: Benjamin Blanchet, Esq.
Phone: (504) 582-1111
Fax: (504) 582-1121

With a further copy to each Stockholder and its counsel

(b) If to the Purchaser or the Parent:

Xspedius Corp.
One Lakeshore Drive, Suite 1900
Lake Charles, LA 70629
Attention: Thomas G. Henning
Phone: (337) 436-9000
Fax: (337) 497-3197

with copies to:

Correro Fishman Haygood Phelps Walmsley & Casteix, LLP
201 St. Charles Avenue, 46th Floor
New Orleans, LA 70170-4600
Attention: Anthony J. Correro III
Phone: (504) 586-5253
Fax: (504) 586-5250

Meritage Private Equity Fund, L.P.
1600 Wynkoop Street, Suite 300
Denver, Colorado 80202
Attention: John R. Garrett
Phone: (303) 352-2040
Fax: (303) 352-2050

(c) If to the Stockholders:

DB Capital Investors, L.P.

c/o DB Capital Partners, Inc.
130 Liberty Street, 25th Floor
New York, NY 10006
Attention: Tyler T. Zachem
Phone: (212) 250-2500
Fax: (212) 250-7651

And

Sandler Capital Management
767 Fifth Avenue
New York, NY 10153
Attention: David C. Lee
Phone: (212) 754-8100
Fax: (212) 826-0280

with a copy in each case to:

White & Case LLP
1155 Avenue of the Americas
New York, NY 10036-8200
Attention: S. Ward Atterbury, Esq.
Phone: (212) 819-8331
Fax: (212) 354-8113

No objection may be made to the manner of delivery of any notice or other communication in writing actually received by a party.

Section 10.3 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, regardless of the choice of laws provisions of Delaware or any other jurisdiction.

Section 10.4 Entire Agreement. This Agreement (including the attached exhibits and schedules) and the Confidentiality Agreement constitute the entire agreement among the parties with respect to the subject matter of this Agreement and supersedes any prior agreement or understanding, whether written and oral, among the parties or between any of them with respect to the subject matter of this Agreement.

Section 10.5 Amendment and Assignment. This Agreement may be amended only by a written agreement signed by all of the parties. Neither the rights nor the obligations of any party to this Agreement may be transferred or assigned. Any purported assignment of this Agreement shall be null, void and of no effect. This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors. Each party intends that this Agreement shall not

benefit or create any right or cause of action in any person other than the parties or as specifically expressed in this Agreement.

Section 10.6 Counterparts. This Agreement may be executed in one or more counterparts, each of which independently shall be deemed to be an original and all of which taken together shall constitute one instrument.

Section 10.7 Break-Up Fee; Expenses. Each party to this Agreement shall bear all of its own expenses in connection with the execution, delivery and performance of this Agreement and the transactions contemplated hereby, including without limitation all fees and expenses of its agents, representatives, counsel and accountants. Notwithstanding the foregoing, in the event that this Agreement is terminated for any reason other than a ~~breach(x)~~ by the Parent or the Purchaser/Company or the Stockholders pursuant to Section 8.1(b) or (v) by the Company pursuant to Section 8.1(d) of its obligations hereunder and within 180 days thereafter the Company enters into a sale of all or any substantial portion of its assets or any equity interest in the Company, whether pursuant to a stock or asset purchase, merger or other business combination transaction or otherwise, the Company and the Stockholders shall be jointly and severally liable for the reimbursement of the documented out-of-pocket expenses incurred by the Parent and the Purchaser in connection with the transactions contemplated hereby in an amount up to \$250,000. In the event that this Agreement is terminated by the Company pursuant to Section 8.1(d), prior to such termination and as a condition thereto, the Company shall pay to the Purchaser a break-up fee of \$2,000,000 by wire transfer of immediately available funds as liquidated damages and not as a penalty.

Section 10.8 Dissolution; Impact of Dissolution. The parties hereto acknowledge that it is the intent of the parties that the Company will be dissolved, as set forth in Section 6.8 of this Agreement, as soon as practicable after the determination of all adjustments pursuant to Section 2.3. Notwithstanding anything to the contrary set forth in this Agreement, the parties hereto further agree that (i) such dissolution shall not in any way be deemed to be a breach of the Company's obligations hereunder and that upon such dissolution, the Company shall have no further obligations whatsoever under this Agreement, and (ii) except as expressly set forth in Article IX of this Agreement or elsewhere herein and irrespective of any obligations otherwise imposed by Sections 280 or 281 of the DGCL, the officers, directors and stockholders (including, without limitation, the Stockholders) shall have no liability whatsoever to the Parent or the Purchaser on account of such dissolution, the distribution or receipt of assets of the Company in such dissolution, or the manner in which such dissolution is effected. The provisions of this Section 10.8 shall in no way impair the obligations of the Stockholders pursuant to Article IX of this Agreement.

Section 10.9 Loan Agreement; No Obligation to Advance Funds. Notwithstanding anything to the foregoing herein, nothing set forth in this Agreement shall create any obligation of any Stockholder or any of their Affiliates to make loans or otherwise advance funds pursuant to, or otherwise affect in any way whatsoever the rights, privileges and obligations of the Stockholders or any of their Affiliates pursuant to, that certain Loan Agreement dated as of _____, 2001, by and among certain of the Stockholders and the Company (the "Loan Agreement"). Neither the

EXHIBIT B

EXPEDIOUS
BALANCE SHEET
FOR THE PERIOD ENDING 1 - 2001

FOR INTERNAL USE ONLY

	Balance
Cash and Cash Equivalents	31,211,488
Subscriber Receivables	135,638
Receivables from Related Parties	(108,493)
Other Receivables	1,908,483
Prepaid Expenses	328,236
Total Current Assets	33,475,351
Property & Equipment, Net	71,012,477
FCC & Other Licenses	2,086,584
Other Assets	4,678,069
Total Assets	111,252,481
Accounts Payable	8,567,764
Accrued Expenses	2,730,499
Total Current Liabilities	11,298,264
Long-Term Debt	57,207,062
Preferred Stock	168,456
Common Stock-Class B	81,197
Add'l Paid In Capital	67,095,830
Retained Earnings	(21,173,774)
Current Net Income	(3,424,554)
Total Stockholders Equity	42,747,155
Total Liabilities & Stockholders' Equity	111,252,481

PEDIUS
 INCOME STATEMENT
 FOR THE PERIOD ENDING 1 - 2001

	Actual	Budget	YTD Actual	YTD Budget
LOCAL SERVICE	362,420	352,410	362,420	352,410
TRANSPORT SERVICE	138,401	131,576	138,401	131,576
ACCESS FEE REVENUE	346,905	286,199	346,905	286,199
INTERNET ACCESS REVENUE	171,612	144,092	171,612	144,092
OTHER REVENUE	123,473	131,591	123,473	131,591
TOTAL REVENUE	1,142,812	1,045,868	1,142,812	1,045,868
COST OF SERVICE	882,991	749,138	882,991	749,138
GROSS MARGIN	259,820	296,730	259,820	296,730
GENERAL AND ADMIN. EXPENSES	1,597,986	1,962,254	1,597,986	1,962,254
SALES AND MARKETING EXPENSES	555,916	909,828	555,916	909,828
EBITDA	(1,894,081)	(2,575,352)	(1,894,081)	(2,575,352)
DEPRECIATION & AMORTIZATION	444,839	588,000	444,839	588,000
OPERATING INCOME	(2,338,921)	(3,163,352)	(2,338,921)	(3,163,352)
INTEREST INCOME	155,933	135,912	155,933	135,912
INTEREST EXPENSE	(1,241,566)	(701,667)	(1,241,566)	(701,667)
TOTAL OTHER (EXPENSE) INCOME	(1,085,633)	(565,755)	(1,085,633)	(565,755)
NET INCOME	(3,424,554)	(3,729,107)	(3,424,554)	(3,729,107)

EXHIBIT C

[Sample Customer Notice]

NOTICE

Xspedius Corp. and Actel Integrated Communications, Inc. are pleased to announce that they have entered into an Asset Purchase Agreement. Xspedius Corp. will be providing you with information regarding its services and rates and should you choose, you may switch your service to Xspedius Corp. at no charge. Xspedius Corp. will operate and service you in the same professional and quality manner. You have a choice of carriers. If you do not wish to become a customer of Xspedius Corp., you may change to a different carrier, and such change will be at the present carrier's expense. If you have any questions, please contact Xspedius Corp. customer service at _____.